



**Embargoed until 0700**

**4 August 2009**

**Maxima Holdings plc (“Maxima” or the “Group”)**

**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MAY 2009**

Maxima Holdings plc (AIM: MXM), the IT business systems and managed services company, today announces its preliminary results for the year ended 31 May 2009.

**Financial Summary**

- Results in line with revised market expectations
- Revenues up 21% to £56.6m (2008: £46.7m)
- Recurring revenues remain strong at 56% (2008: 52%)
- Adjusted\* profit before tax £7.1m (2008: £8.9m)
- Loss before tax £9.6m (2008: profit £5.2m) includes the impact of exceptional items and goodwill impairment
- Adjusted\* earnings per share 21.2p (2008: 26.3p); basic loss per share 36.8p (2008: earnings 15.1p).
- Proposed final dividend of 2.5p (2008: 3.6p); total dividend of 4.5p (2008: 5.6p) – in line with policy to pay out a proportion of operating profit to shareholders as dividends
- Net debt at 31 May 2009 of £15.5m (2008: £8.6m) following £8.5m net cash outflow on acquisition of DXI in June 2008

*\*before amortisation, impairment, share based payments, exceptional costs and fair value charges.*

**Operational Summary**

- DXI Networks Ltd acquired 2<sup>nd</sup> July 2008 and subsequently integrated
- 87 new clients won, spread across the business and industry sectors
- Important Board changes in April 2009:
  - Appointment of Graham Kingsmill as Chief Executive
  - Appointment of David Memory as Chief Finance Officer
  - Kelvin Harrison appointed Chairman
- Growth in recurring revenues to 56% (2008: 52%) of total revenue
- Major contract extensions at DVLA, Orange and a major UK bank
- Secured the 2<sup>nd</sup> largest Citrix Xen Desktop virtualisation implementation in Europe

**Kelvin Harrison, Maxima’s Chairman said:** “This has been a year of major change for Maxima, against a backdrop of difficult market conditions, however we have continued to deliver strong operating profit margins. I am confident that the changes in business focus, direction and organisation introduced by the new CEO Graham Kingsmill, position us well for sustained organic growth.”

An analyst presentation will be held at 9:30 this morning at the offices of Smithfield Consultants, 10 Aldersgate Street, London EC1A 4HJ

**For further information please contact:**

**Maxima**

Graham Kingsmill, Chief Executive 01242 211211

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**Notes to editors:**

Maxima Holdings plc floated on AIM in November 2004 at an issue price of 110p. It was established to acquire businesses supplying IT solutions and services, with the objective of building a focused IT services group. The business implements and supports enterprise software solutions for mid-sized, UK-based manufacturing, distribution and service organisations. These solutions are based upon leading software suites as well as products developed in-house.

Maxima has become an IT systems integration and managed services company with a proven track record of delivering innovative and flexible IT solutions and services. Maxima’s in-depth knowledge of industry and business, coupled with its skills and understanding of leading software suites such as Oracle, Microsoft, Citrix and SAP ensures its solutions and services deliver real business benefits. The group prides itself on the quality of its service, which leads to strong customer relationships and high retention rates.

## **CHAIRMAN'S STATEMENT**

I am delighted to report to shareholders, for the first time as Chairman, on a year of great change and progress for Maxima against a backdrop of unprecedented economic challenges in our markets. I believe that the decisive actions that we have taken during the course of the year have enabled us to emerge stronger and better positioned for the future.

### **Results**

Unfortunately, as a result of the recession, in March 2009 we were forced to issue a trading statement downgrading market forecasts. However, I am pleased that the company has performed in line with these revised expectations. Trading results for the second half of the year are broadly comparable with those for the first half as we adapted to difficult market conditions. Revenues are ahead of the prior year, although this was largely attributable to acquisitions. Operating profitability remains good and, despite market conditions, cash collection remained good, with net debt at year end lower than market forecasts. We continue to operate comfortably within banking facilities and covenants, and our principal loans are secured on attractive terms until 2013.

### **Board changes**

There have been significant changes to the Board during the year. These were principally triggered by Mike Brooke's decision to step down as Chairman, having served since flotation in 2004. I would like to thank him for his leadership of the Board during our formative years as a plc, and I am delighted that he has chosen to remain with us as Senior Independent Non-Executive Director. After almost ten years as Chief Executive, I welcomed the opportunity to move to the position of Chairman. This enabled us to bring in Graham Kingsmill as Chief Executive. Graham was previously Chief Executive of Netstore plc, then an AIM listed company, from July 2007 until its acquisition by 2e2 Group in October 2008. Netstore provided IT Application Management, Hosting and Security Services. Before that, he was Managing Director (UK and Ireland) of SAP, a provider of enterprise management software to many of the world's largest companies. Graham has also held senior sales and general management positions with IBM, PTC and Intergraph, primarily in the area of computer-aided design tools. I shall continue to support Graham operationally by maintaining an active involvement in corporate and client-facing activities.

We were also fortunate that David Memory, who previously worked with Graham at Netstore, was able to join us as Chief Finance Officer. Robin Williams joined in March 2009 as an independent non-executive director and Chairman of the Audit Committee. Robin is a chartered accountant with experience in investment banking and industry, having founded and served as CEO of Britton Group plc. Linda Andrews, Kim Nicholson, Mark Morris, John Taylor and Boris Huard (after year end) have all resigned from the Board and I thank them all for their positive contributions and wish them well.

### **Staff performance**

Maxima is an integrated business and I have been impressed and gratified by the way our people in different departments have supported each other during tough times. It has been the most challenging year I can remember for our sales and marketing team and I give credit to them for a significant number of new client wins and good levels of up-selling within our client base. I am also grateful to our operational support teams, who have continued to provide exemplary levels of service which have resulted in high levels of client retention and service contract renewals. Finally, I would like to thank the staff who provide shared services in finance, administration and human capital management for the adaptability they have shown during a year of rationalisation and change. All staff have given strong continued commitment in a year where normal salary reviews were suspended. I thank them for their loyalty.

## **Dividend**

The Directors recommend a final dividend of 2.5p per share (2008: 3.6p), payable on 14 October 2009 to shareholders on the register at close of business on 4 September 2009. This will make a total of 4.5p per share for the year (2008: 5.6p). Our policy is to pay out a proportion of operating profit to shareholders as dividends, whilst continuing to pay down debt and preserving the capacity to make further acquisitions.

## **Future prospects**

We operate in a hugely fragmented industry and in order to excel we need a complete, focused, offering. Maxima has developed this complete offering, selling application software and looking after clients' infrastructure across servers, storage, networks, hosting and security.

The new Chief Executive has restructured the business, as explained in his report, into two operational functions for sales and delivery. Our offering is now much more consistent and our organisation is noticeably more sales-driven. This change of focus, together with high levels of recurring revenues from our large and diverse client base, gives us confidence in our ability to:

- maintain a good level of profitability
- continue to pay down our debt
- invest in the organisation, skills and technologies behind our sales propositions.

By concentrating on the areas least affected by the recession and those which show the first signs of recovery, we expect to return to growing the business organically. In the current climate, our first thoughts are to conserve cash. We will only pursue these opportunities if they are strongly aligned with our new structure and at affordable prices.

Kelvin F Harrison  
Chairman  
3 August 2009

## **CHIEF EXECUTIVE'S REVIEW**

I believe that Maxima's strong underlying capability and sound financial platform offer excellent potential and a strong foundation for growth. This can be realised by simplifying and focusing on core strengths, improving sales execution and winning greater share of IT spend with customers through improved operational service delivery.

In common with many organisations, Maxima faces challenging trading conditions which have hindered its progress. Many projects and contracts have been delayed, reduced in size, postponed or even cancelled and decision-making processes are frequently being prolonged. Despite these issues, our customers remained loyal to our brand and we achieved many contract and project wins. In the first half of the year, trading was in line with expectations despite a worsening economic environment. New Year trading conditions did not improve and management felt it prudent to issue a warning against market expectations. We have subsequently met these revised expectations. The combination of Mike Brooke wanting to stand down as Chairman, to be replaced by my predecessor Kelvin Harrison, and the need to strengthen the management team more generally gave me the opportunity to take on the role of Chief Executive and I was delighted to join Maxima at the end of April 2009.

Having had the opportunity to look at the core operating elements of the business, I have seen the underlying strength and resilience in the business, which resulted in a respectable figure of £7.1m adjusted PBT. Maxima delivered 21% growth in revenue to £57m whilst annuity revenues across the business remain strong at 56%.

### **New customers and up-selling opportunities**

Maxima won 87 new customers during the year of which 10 were Microsoft Dynamics customers and 40 who are using our managed application and infrastructure services. The Group also took advantage of new demand for SAP and Oracle Business Intelligence expertise which included orders from major banks, one of which entered into a contract for over £1m. We also increased our focus on up-selling opportunities to take greater share of IT budget from customers and maintained a high level of customer renewal and retention. Important contract extensions and upgrades during the year included Mars, DVLA, Watson Wyatt, Crane, Powergen, Balfour Beatty, and Defra.

### **Awards**

Maxima was pleased to be recognised by key business partners and received awards for sales and support excellence including the following:-

- QAD - Distributor of the Year Award
- Oracle - IBM Partner of the year category of the 2009 Oracle UK Partner Awards ceremony
- Microsoft - Reached the first milestone in achieving the Certified for Microsoft Dynamics Accreditation

### **Acquisition of Full Service Capability**

Since the acquisition of DXI in July 2008, Maxima has benefited from increased customer volume and growth in its contracted revenue base resulting in a greater scale of business. This has facilitated the provision of a full managed service business model, enabling customers to outsource all or part of their IT system requirements to Maxima. The acquisition allowed the company to form a new infrastructure business unit based on DXI and two previous acquisitions: 3Net and Centric. The three businesses were merged and work began on fully integrating their combined capability with the intention of creating an improved service for customers and enabling cost benefits to be realised through cross business synergies. The objective has largely been delivered and has shown demonstrable value although continued

focus on improving service levels will be key to maintaining customer loyalty.

Although the integration process resulted in company-wide benefits it was more complex than previous acquisitions and valuable lessons for the future were learnt. The introduction of new management and staff in London and at the new National Services Centre in Chelmsford has been key in finalising the completion of the integration objective. The DXI acquisition also provided the capability for offshore service support and provision via its subsidiary in Hyderabad.

### **Driving the need for focus**

When I joined Maxima, it was evident that we needed to be more selective regarding the areas in which we choose to operate. Although the combined capability of more than 450 people allows Maxima to offer a wide selection of services, our core value and capability was being diluted by this. We realised that it was necessary to release the value of our brand so our “famous for” identity could be easily recognised.

To facilitate this release we have simplified and combined all managed service and infrastructure capability into one business practice called **Support Enablement Services** which represents approximately half of the total business in terms of revenue and resource. The remaining components of the UK business have also been rationalised and now focus on three key partner aligned Business Solution Practices:

**Microsoft** – Microsoft Dynamics AX and CRM combined with the Maxima developed industry solution, MAXcel, targeting the construction and energy market sectors. SharePoint targeting with the transition of Maxima owned legacy document management and distribution systems.

**SAP/Oracle** – Business intelligence and performance capability into the financial services sector.

**QAD and Specialist Solutions** – focused on extending QAD ERP usage to large Manufacturing companies who form the bulk of the QAD UK user base. This practice also provides supporting extension services to Maxima-owned specialist solutions.

**Maxima Ireland Ltd** continues to develop its capability in Citrix and virtualisation. A mature business in its own right, it operates independently from the UK, and like our operations in the USA and India it will continue to receive back office support from the UK shared service functions.

### **Raising Maxima’s profile in the marketplace**

On joining Maxima I initiated an independent review to gain feedback from customers, partners, investors and employees on the Maxima brand. It was evident that Maxima lacked recognition in the marketplace. As a result of the feedback, we have refreshed the Maxima branding and are relaunching it with the annual report. The new, stronger logo and a strap line - ‘More than just IT’ was prompted by our belief that Maxima can offer the capability and value that few other organisations are able to. This defines Maxima’s understanding of the industry and ability to offer exceptional levels of customer service.

## Strategy

Having simplified and focused our sales and marketing activities on the business areas previously described it was also necessary to define where and how we will engage with customers. As a result, three areas have been defined that will set the priorities for all customer engagement:

1. **Extension.** *Offering customers the opportunity to extend the life of existing technologies and provide managed migration to a new life technology.*

Our MAXcel product, based on Microsoft Dynamics AX, gives clients the chance to extend the life of older technology, while providing a stepping stone to new technology. Scalability, future proofing, better management of customer data and interactions, dynamic margin analysis and flexible reporting (which can be tailored to an industry requirement) has meant forty customers have reserved licenses for projects to be committed over a three year period on MAXcel. Of those there are now nine live sites with another seven projects in various stages of implementation.

One such company is the Murphy Group, one of the most respected names in the building and civil engineering industry. Maxima has provided continued support to Murphy to maintain both the proprietary Intellect product whilst programmatically deploying MAXcel to meet their new world requirements. MAXcel addressed all of Murphy's requirements for business software and Murphy is now in the process of implementing the core business with a view of going live in H1 2010.

2. **Expansion.** *Providing selected industry-specific business solutions and up-selling support and enablement services.*

An example of this is our work with Arts Council England where we initially provided support for their core finance system, Oracle Financials. This relationship has now developed into a multi-year managed service contract worth over £1 million, covering Oracle Application Management and Oracle core DBA services. Maxima also provides release management services to assist with the ongoing development of their grants management system and provide a blend of infrastructure support and consultancy services for their servers, storage and operating systems.

3. **Partnership.** *Providing sales support and enablement services to selected technology partners.*

A clear example of our investment in our Microsoft business system capability is our commitment to HyperV (Microsoft's all new virtualisation suite of products) with the first desktop virtualisation implementation in Ireland. The solution for EBS Building Society comprised a complete virtual desktop solution made up of Citrix XenDesktop and the Microsoft Hyper-V virtualisation platform. This environment has enabled the EBS IT department to rapidly and securely deliver a corporate desktop to anywhere in the world while keeping the desktop, data and processing in the datacentre and ensuring all corporate data and intellectual property is protected.

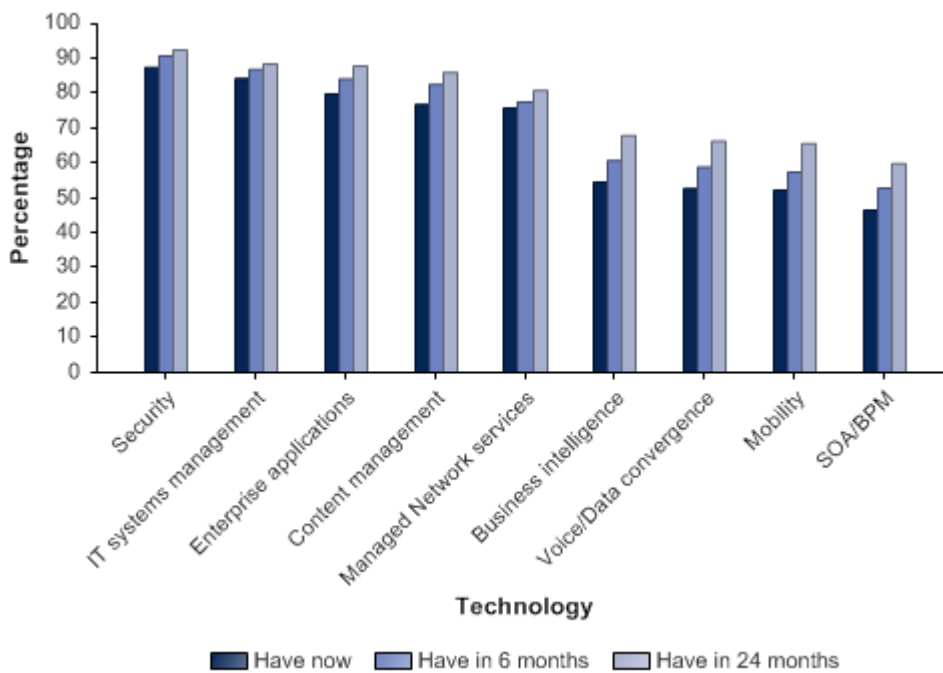
Our work with the MDDUS (The Medical and Dental Defence Union of Scotland) resulted in Maxima implementing a complete end to end Membership Relationship Management (MRM) & Business Intelligence (BI) solution based on Microsoft technologies including Dynamics CRM, SharePoint and SQL Server. The solution was

designed to replace an existing legacy application and to help support the strategic growth plans for MDDUS.

In addition, Maxima has grown its customer base with new ERP & CRM wins, adding names such as ThyssenKrupp Elevators UK, C.A Traffic, EarthEnergy, Michell Instruments Ltd and Morgan Lovell.

**Outlook**

The plan to simplify and focus Maxima’s operations is designed to take advantage of market information that predicts where demand will come from and how suppliers must adapt to remain competitive. The market outlook, as defined in the 2<sup>nd</sup> June 2009 Datamonitor report highlighting CIO spend priorities over the next two years, aligns well to our field experiences and our propositions. We have core competence capability in the top six of the highest growth and demand areas and as we move forward we will continue to concentrate on growing these areas.



Source: [CIO Spend Analysis 2009 – 2011, June 02 2009 © Datamonitor]

As a mid-sized company we have to identify trends ahead of our competitors and therefore must be constantly alert to the wider macro market conditions. Although the outlook remains cautious, there is good reason to be optimistic as many of our services provide tangible benefits to companies that are suffering during the current economic downturn. New business activity in our chosen Business Solution practices incorporating technology from Microsoft, Oracle and SAP is also showing encouraging progress and we are pleased to see increased demand to extend service provision of many of our legacy solutions.

Recent changes in the business have ignited energy and enthusiasm from the management and staff at Maxima. Their skills and talent continue to win the confidence of existing customers who have renewed and extended their contracts, and have appealed to new customers who have seen value from Maxima. There will be on-going work to reduce operational costs and improve efficiencies, and we will continue to look at synergising opportunities following our acquisitions.

In conditions where the importance of cash is magnified, our focus will include improving cash

collection and reducing debt. The reliable financial performance of Maxima is our ultimate test for success and meeting financial targets is top of our agenda. I believe the combination of improved organic growth and, where appropriate, strategically aligned acquisitions will be the key for achieving the £100m revenue objective of Maxima. I am pleased and proud to be at the helm of Maxima and I am encouraged and positive about the future.

**Graham Kingsmill**

Chief Executive

3 August 2009

## FINANCIAL REVIEW

### Trading results

Revenues for the year to 31 May 2009 increased from £46.7m to £56.6m, largely as a result of the acquisition of DXI Networks Limited. Success in sales of business intelligence consulting was tempered by lower hardware sales and declines in consulting revenues in other areas of the business. Recurring revenues stand at 56% (2008: 52%) and gross margins are slightly down at 70% from 72%. This reflects tougher selling conditions and a higher proportion of managed services following the DXI acquisition, which attract a slightly lower margin.

Earnings before interest, tax, amortisation, impairment, share based payments and redundancy and re-organisation costs decreased by 15% to £8.3m (2008: £9.7m), resulting in adjusted operating profit margins of 14.6% (2008: 20.7%). Whilst this is partially explained by the reduction in gross margins, increased infrastructure investment, such as the opening of the support centre at Chelmsford, have also given rise to this decline.

Amortisation of intangibles was £4.0m (2008: £3.4m), reflecting the acquisitions completed by Maxima in the last three years. Intangibles are amortised over periods not exceeding 7 years from their date of acquisition. The increase in the charge is explained by the acquisition of DXI Networks Limited during the year.

As required under IFRS, management has reassessed the value of acquired goodwill. An impairment test was completed using more conservative assumptions than last year, given the current macroeconomic market outlook, with the result that an impairment provision of £8.4m (2008: £Nil) was considered appropriate.

Exceptional and fair value items comprise three categories:

1. Hedging arrangements:

As a condition of our borrowing last year, and in order to protect the Group against potential increases in interest rates, interest hedging instruments were entered into in respect of £8m of the debt. As rates have fallen since these arrangements were put in place, a fair value provision of £0.6m (2008: £Nil) has been made to cover the predicted increased future costs of the instruments through to maturity.

2. Redundancy and re-organisation costs:

Some of these costs have been incurred in combining the DXI Networks Limited business with the rest of the managed services operations already owned by the Group, but the majority relates to changes in senior management positions as part of the internal restructuring. The total restructuring charge amounts to £0.9m (2008 £0.1m). Detailed plans of the restructuring were not released below senior management level until after the year end, so we anticipate further restructuring costs not exceeding this year's figure.

3. Property costs.

Following a rationalisation of premises, a provision of £2.7m (2008: £Nil) has been made for property costs to the end of leases for properties vacated during the year and for the vacant proportion of the Cheltenham premises. Dilapidations' costs have also been provided for these properties.

Loss before tax and after the adjustments above and net finance costs of £1.1m (2008: £0.8m) was £9.6m (2008: Profit £5.2m).

The key performance indicators used by the Board to measure the business are:

1. Operating margins
2. The level of recurring revenues
3. Staff utilisation
4. Cash generation

### **(Loss)/Earnings per share and dividends**

Basic loss per share was 36.8p (2008: earnings 15.1p). Adjusted earnings per share, before amortisation, impairment, share based payments, exceptional redundancy and re-organisation costs and fair value charges, fell to 21.2p (2008: 26.3p). An interim dividend of 2.0p per share was paid on 13 May 2009, and subject to shareholder approval, a final dividend of 2.5p per share will be paid on 14 October 2009 to shareholders on the register at close of business on 4 September 2009. This will make a total full year dividend of 4.5p (2008: 5.6p) per share, in line with reduced earnings before interest, tax, amortisation, impairment, share based payments, exceptional redundancy and re-organisation costs and fair value charges.

### **Acquisition**

The Group completed the acquisition of DXI Networks Limited on 2 July 2008 for a total cash consideration of £9.1m (including £2.0m repayment of borrowings). The net cash outflow of £8.5m (net of cash acquired and including costs) was funded by an additional £5.0m long term borrowing facility and from internal resources.

The acquisition contributed £10.6m to revenues and £1.6m to profit after allocation of group overheads and before tax for the period during which it was part of the Group.

In addition, the conditions for payment of the deferred consideration for the acquisition of Centric Networks Limited were met and this was settled on 1 April 2009. The board opted to settle by the issue of new shares, valued on the share price at the time of the acquisition on 19 July 2007. The final consideration was made by the issue of 161,708 new ordinary shares to the vendors at an issue price of 45p per share.

### **Cashflow and net debt**

This year the Group generated £5.2m of cash from operations, against £6.9m last year. This reflects lower profitability, but also the high level of payables resulting from the DXI Networks Limited acquisition which have now been settled. Net debt was £15.5m, up from £8.6m last year.

The Group finances its operations through a mixture of cash generation and related retained profit, and a mixture of medium and long term bank facilities with Barclays Bank plc, to ensure that sufficient liquidity is available to meet its foreseeable funding requirements. The Group's facilities are floating rate and it uses interest rate instruments to hedge its interest rate risk on borrowing where appropriate.

The Group had committed borrowing facilities of £18.75m at 31 May 2009, comprising a £4.5m term loan facility, repayable in nine installments until 31 May 2013, a £13.25m revolving credit facility repayable by 31 May 2013 and a £1.0m overdraft facility. £17.75m was drawn under these facilities at the year end. Cash balances at the year end were £2.4m, which together with the overdraft facility allows £3.4m of headroom. At 31 May 2009, £4.0m of the group's interest rate risk was hedged for the period to 30 June 2010 and a further £4.0m was hedged for the period to 30 November 2011.

## **Taxation**

An effective tax rate of 4.1% (2008: 28.1%), was largely as a result of there being no tax relief on the impairment charge. The Group has £0.1m (2008: £0.2m) of tax losses available. Deferred tax arose on share based payments, amortisation of intangibles, goodwill, research and development costs and the fair value charge for the interest hedging instruments.

## **Principal risks and uncertainties**

Maxima is exposed to significant risks and uncertainties, although these are not considered to be any more severe than for comparable quoted companies pursuing a similar strategy. Formal risk analysis, review and control is a board level activity which also flows down to day to day operations through our ISO 9001 accredited quality processes. The principal risks have not changed during the year under review and have been analysed as:

**Strategy:** Market conditions are subject to long term trends and disruptive changes. Our plans are designed to respond to these changes whilst having the flexibility to take advantage of opportunities created by disruptive events. There is a risk, particularly in the current climate, that, where we seek to invest in the business for future growth, we will not be able to achieve growth as quickly as forecast. We minimise the impact of this by careful measurement against budgets and appropriate action on the cost base should that prove necessary.

**Acquisitions:** Acquisitions offer the opportunity to achieve rapid growth, particularly into a new area, but are inherently risky. We minimise this risk by carefully screening targets against tested criteria, comprehensive due diligence, pricing the acquisition to reflect these risks, thorough integration planning and meticulous execution of these plans.

**Staff:** Maxima is a services business and relies heavily on having a skilled and experienced workforce at all levels matched to our clients' needs. We pay close attention to career appraisal, development and training. We also offer competitive remuneration packages including share option schemes, appropriate tools and good working conditions. This minimises staff attrition which we believe is below the sector average. We also have an excellent record of staff continuity post acquisitions.

**Clients:** Maxima's large client base, many of whom have been with us for many years is a strength, but could easily be eroded if service levels and value were not maintained. A broad spread of clients across several market sectors mitigates the risk of adverse conditions in any one sector. There are no clients upon which the Group is critically dependent, the top ten clients representing some 28% of revenues in the year to 31 May 2009 (2008: 33%). The high levels of recurring revenues and repeat business and low attrition rates are evidence of our success.

**Suppliers:** Maxima relies on technology from partners for most of the solutions and services we sell. We are therefore dependent upon the quality of this technology and our ability to negotiate good terms and maintain good relationships with these partners. We work with world-class technology partners and invest heavily in maintaining good relationships with them, principally by selling substantial amounts of their technology. We have also spread our risks by working with several of the main software firms reducing the potential impact should one of these partners change its policies or let us down.

**Business continuity:** Maxima's computing and communications infrastructure is integrated but distributed across its office estate providing resilience. (This was seriously tested during the July 2007 floods when our main Cheltenham site lost water supplies for more than a week, coupled with a threatened loss of power and communications. Staff were able to work uninterrupted using back-up facilities on other sites and an uninterrupted service was delivered to all our clients).

**Financial:** Maxima has some exposure to credit risk as well as interest and exchange rate fluctuation. Credit checks are carried out before bidding for work with new clients and outstanding debt is checked before taking significant additional business from existing clients; we also employ qualified and experienced credit control staff. Borrowings are kept to prudent levels and the board reviews performance against bank covenants monthly. Interest and exchange rate hedging/swaps are employed as appropriate. Internal controls and approval levels are documented and enforced.

David Memory  
Chief Finance Officer  
3 August 2009

## CONSOLIDATED INCOME STATEMENT

Year ended 31 May 2009

|   | Notes | 2009<br>£000 | 2008<br>£000 |
|---|-------|--------------|--------------|
| <b>Revenue</b>  |       | 56,609       | 46,657       |
| Cost of sales   |       | (17,192)     | (13,240)     |
| <b>Gross profit</b>   |       | 39,417       | 33,417       |
| Administrative expenses   |       | (31,160)     | (23,739)     |
| <b>Earnings before interest, tax, amortisation, impairment, share based payments and redundancy and re-organisation costs</b> |       | 8,257        | 9,678        |
| Amortisation of intangibles   |       | (4,031)      | (3,410)      |
| Impairment of goodwill  |       | (8,413)      | -            |
| Share based payments  |       | (93)         | (137)        |
| Exceptional redundancy and re-organisation costs  | 4     | (3,652)      | (143)        |
| <b>Operating (loss)/profit</b>  |       | (7,932)      | 5,988        |
| Exceptional fair value adjustment for interest rate hedging instruments   |       | (551)        | -            |
| Finance costs   |       | (1,176)      | (906)        |
| Finance income  |       | 27           | 126          |
| <b>(Loss)/profit before income tax</b>  |       | (9,632)      | 5,208        |
| Taxation  |       | 400          | (1,463)      |
| <b>(Loss)/profit for the year attributable to equity holders</b>  |       | (9,232)      | 3,745        |
| <b>(Loss)/Earnings per share – total and continuing</b>   | 2     |              |              |
| Basic   |       | (36.8)p      | 15.1p        |
| Diluted   |       | (36.8)p      | 14.8p        |

The accompanying accounting policies and notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 May 2009

|  | 2009<br>£000 | 2008<br>£000 |
|--|--------------|--------------|
| <b>(Loss)/profit for the year</b>  | (9,232)      | 3,745        |
| Foreign translation gain   | 41           | 152          |
| <b>Total recognised income and expense for the year attributable to equity holders</b> | (9,191)      | 3,897        |

**MAXIMA HOLDINGS plc**

**CONSOLIDATED BALANCE SHEET**

**At 31 May 2009**

|  | Notes | 2009<br>£000    | 2008<br>£000    |
|--|-------|-----------------|-----------------|
| <b>Assets</b>  |       |                 |                 |
| Non-current assets   |       |                 |                 |
| Property, plant & equipment  |       | 1,361           | 1,024           |
| Goodwill   | 5     | 41,021          | 41,434          |
| Other intangible assets  | 5     | 8,880           | 10,513          |
| Total intangibles  |       | 49,901          | 51,947          |
| Total non-current assets   |       | 51,262          | 52,971          |
| Current assets   |       |                 |                 |
| Inventory  |       | 405             | 312             |
| Trade and other receivables  |       | 14,363          | 12,997          |
| Cash and cash equivalents  |       | 2,421           | 4,202           |
| Total current assets   |       | 17,189          | 17,511          |
| <b>Total assets</b>  |       | <b>68,451</b>   | <b>70,482</b>   |
| <b>Liabilities</b>   |       |                 |                 |
| Current liabilities  |       |                 |                 |
| Trade and other payables   |       | (4,153)         | (3,809)         |
| Deferred income  |       | (10,653)        | (10,379)        |
| Borrowings   |       | (1,096)         | (754)           |
| Accruals   |       | (4,218)         | (3,234)         |
| Current tax liabilities  |       | -               | (1,122)         |
| Short term provisions  |       | (804)           | -               |
| Total current liabilities  |       | (20,924)        | (19,298)        |
| Non-current liabilities  |       |                 |                 |
| Borrowings   |       | (16,812)        | (12,063)        |
| Deferred tax   |       | (2,899)         | (3,115)         |
| Long term provisions   |       | (2,640)         | (500)           |
| Total non-current liabilities                                      |       | (22,351)        | (15,678)        |
| <b>Total liabilities</b>   |       | <b>(43,275)</b> | <b>(34,976)</b> |
| <b>Net assets</b>  |       | <b>25,176</b>   | <b>35,506</b>   |
| <b>Equity attributable to equity holders of the parent company</b> |       |                 |                 |
| Share capital  | 7     | 253             | 250             |
| Reverse acquisition reserve  |       | (9,180)         | (9,180)         |
| Share premium account  | 7     | 28,794          | 28,624          |
| Capital redemption reserve   |       | 50              | 50              |
| Merger reserve   | 7     | 4,595           | 11,022          |
| Currency translation reserve                                       |       | 193             | 152             |
| Retained earnings  |       | 471             | 4,588           |
| <b>Total equity</b>  |       | <b>25,176</b>   | <b>35,506</b>   |

**MAXIMA HOLDINGS plc**

**CONSOLIDATED CASH FLOW STATEMENT**

**Year ended 31 May 2009**

|   | <b>2009</b>    | <b>2008</b>    |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Operating activities</b>   |                |                |
| (Loss)/profit before tax  | (9,632)        | 5,208          |
| <b>Adjustments for:</b>   |                |                |
| Interest paid   | 1,176          | 906            |
| Exceptional redundancy and re-organisation costs                        | 3,652          | -              |
| Exceptional fair value adjustment for interest rate hedging instruments | 551            | -              |
| Interest received   | (27)           | (126)          |
| Depreciation charge   | 620            | 477            |
| Share based payment expense   | 93             | 113            |
| Impairment of goodwill  | 8,413          | -              |
| Amortisation of intangibles   | 4,031          | 3,410          |
| <b>Operating cash flows before movements in working capital</b>         | <b>8,877</b>   | <b>9,988</b>   |
| Movement in inventories   | (93)           | (206)          |
| Movement in receivables   | 1,070          | (770)          |
| Movement in payables  | (2,629)        | (210)          |
| Taxation paid   | (2,049)        | (1,861)        |
| <b>Net cash from operating activities</b>                               | <b>5,176</b>   | <b>6,941</b>   |
| <b>Cash flows from investing activities:</b>                            |                |                |
| Interest received   | 27             | 105            |
| Purchase of property, plant & equipment                                 | (614)          | (404)          |
| Proceeds from sale of property, plant & equipment                       | 57             | 20             |
| Acquisition of subsidiaries (net of cash acquired)                      | (8,485)        | (6,131)        |
| Development expenditure   | (391)          | (432)          |
| <b>Net cash used in investing activities</b>                            | <b>(9,406)</b> | <b>(6,842)</b> |
| <b>Cash flows from financing activities:</b>                            |                |                |
| Interest paid   | (1,103)        | (749)          |
| Proceeds from long term borrowings                                      | 6,000          | 4,750          |
| Repayment of long term borrowings                                       | (1,000)        | (1,450)        |
| Repayment of finance leases   | (143)          | (66)           |
| Dividends paid  | (1,405)        | (1,347)        |
| Proceeds from issue of shares   | 100            | 104            |
| <b>Net cash from financing activities</b>                               | <b>2,449</b>   | <b>1,242</b>   |
| Net (decrease)/increase in cash & cash equivalents                      | (1,781)        | 1,341          |
| Cash and cash equivalents at beginning of period                        | 4,202          | 2,861          |
| <b>Cash and cash equivalents at end of period</b>                       | <b>2,421</b>   | <b>4,202</b>   |

## Notes

### 1. **Basis of preparation**

This preliminary statement was approved by the directors on 3<sup>rd</sup> August 2009.

The financial information set out above does not constitute the company's statutory financial statements for the year ended 31 May 2009 but is derived from those financial statements. The comparative figures are those of the financial statements for the year ended 31 May 2008. The report of the auditors was unqualified and did not contain a statement under section 495 of the Companies Act 2006. The statutory financial statements for the year ended 31 May 2009 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial information contained in this Preliminary Statement does not constitute statutory accounts as defined by Section 495 of the Companies Act 2006.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards.

### 2. **(Loss)/Earnings per Share**

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on earnings per share attributable to ordinary shareholders and the weighted average number of ordinary shares that would be in issue, assuming conversion of all dilutive potential ordinary shares into ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

|   | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| <b>Earnings</b>   |             |             |
| Net (loss)/profit after tax for the year attributable to equity holders | (9,232)     | 3,745       |
|   | <b>No.</b>  | <b>No.</b>  |
| <b>Weighted average number of ordinary shares</b>                       | <b>000</b>  | <b>000</b>  |
| For basic earnings per share  | 25,087      | 24,867      |
| Dilutive share options  | 260         | 392         |
| For diluted earnings per share  | 25,347      | 25,259      |
| Basic (loss)/earnings per share   | (36.8)p     | 15.1p       |
| Fully diluted (loss)/earnings per share                                 | (36.8)p     | 14.8p       |

Under IAS 33 “Earnings per share”, the shares cannot be dilutive if they decrease a loss per share, and therefore the dilution impact has been ignored for the purposes of calculating the loss per share this year.

The directors believe that, in addition to the statutory figures, (loss)/earnings per share figures adjusted for the amortisation of intangibles, impairment, share based payments, redundancy and re-organisation costs and fair value charges represent a more consistent measure of underlying performance. A reconciliation of the statutory loss to these profit figures and the resulting earnings per share figures are:

|  | <b>2009</b> | <b>2008</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| <b>Operating (loss)/profit</b>   | (7,932)     | 5,988       |
| Share-based payments   | 93          | 137         |
| Amortisation of intangibles  | 4,031       | 3,410       |
| Impairment of goodwill   | 8,413       | -           |
| Redundancy and re-organisation costs   | 3,652       | 143         |
| Adjusted operating profit  | 8,257       | 9,678       |
| Net interest   | (1,149)     | (780)       |
| Adjusted profit on ordinary activities before tax                                  | 7,108       | 8,898       |
| Tax on profit on ordinary activities   | 400         | (1,463)     |
| Tax on share-based payments, amortisation and redundancy and re-organisation costs | (2,177)     | (896)       |
| Adjusted profit after tax  | 5,331       | 6,539       |
| Adjusted basic earnings per share  | 21.2p       | 26.3p       |
| Adjusted diluted earnings per share  | 21.0p       | 25.9p       |

### 3. Dividends on shares classed as equity

|                                   | 2009<br>pence per<br>share | 2009<br>£000 | 2008<br>pence per<br>share | 2008<br>£000 |
|-----------------------------------|----------------------------|--------------|----------------------------|--------------|
| <b>Paid during the year</b>       |                            |              |                            |              |
| Final dividend for prior year     | 3.6p                       | 900          | 3.4                        | 847          |
| Interim dividend for current year | 2.0p                       | 505          | 2.0                        | 500          |
|                                   | 5.6p                       | 1,405        | 5.4                        | 1,347        |

The directors propose that a final dividend of 2.5p will be paid to the shareholders on 14 October 2009. The dividend is subject to the approval of shareholders at the Annual General Meeting and has not been included as a liability in these accounts. The total estimated cost of the dividend to be paid is £0.6m.

### 4. Exceptional redundancy and reorganisation costs

|  | 2009<br>£000 | 2008<br>£000 |
|--|--------------|--------------|
| Redundancy and re-organisation costs           | 905          | 143          |
| Provision for onerous leases and dilapidations | 2,747        | -            |
|  | 3,652        | 143          |

The redundancy and reorganisation costs have been incurred in combining the DXI Networks Limited business with the rest of the managed services operations already owned by the Group in addition to the costs associated with the changes in senior management positions as part of an internal restructuring.

The onerous lease and dilapidations costs represent the provisions made for residual lease commitments together with ancillary property costs to the end of leases for properties vacated during the year and for the vacant proportion of the Cheltenham premises.

## 5. Intangible Assets

|   | Goodwill<br>£000 | Customer<br>relationships<br>£000 | Order<br>backlog<br>£000 | Development<br>costs<br>£000 | Total other<br>intangibles<br>£000 | Total<br>£000 |
|---|------------------|-----------------------------------|--------------------------|------------------------------|------------------------------------|---------------|
| <b>Cost</b>                               |                  |                                   |                          |                              |                                    |               |
| At 1 June 2007                            | 34,689           | 10,615                            | 1,579                    | 108                          | 12,302                             | 46,991        |
| Additions                                 | 199              | -                                 | -                        | 432                          | 432                                | 631           |
| On business<br>combinations               | 6,546            | 2,693                             | 263                      | -                            | 2,956                              | 9,502         |
| At 1 June 2008                            | 41,434           | 13,308                            | 1,842                    | 540                          | 15,690                             | 57,124        |
| Additions                                 | -                | -                                 | -                        | 391                          | 391                                | 391           |
| Adjustment to prior<br>period acquisition | (427)            | -                                 | -                        | -                            | -                                  | (427)         |
| On business<br>combinations               | 8,427            | 1,112                             | 895                      | -                            | 2,007                              | 10,434        |
| <b>At 31 May 2009</b>                     | <b>49,434</b>    | <b>14,420</b>                     | <b>2,737</b>             | <b>931</b>                   | <b>18,088</b>                      | <b>67,522</b> |
| <b>Accumulated<br/>amortisation</b>       |                  |                                   |                          |                              |                                    |               |
| At 1 June 2007                            | -                | 1,182                             | 496                      | 89                           | 1,767                              | 1,767         |
| Charge for the year                       | -                | 2,454                             | 748                      | 208                          | 3,410                              | 3,410         |
| At 1 June 2008                            | -                | 3,636                             | 1,244                    | 297                          | 5,177                              | 5,177         |
| Charge for the year                       | -                | 2,818                             | 971                      | 242                          | 4,031                              | 4,031         |
| Impairment                                | 8,413            | -                                 | -                        | -                            | -                                  | 8,413         |
| <b>At 31 May 2009</b>                     | <b>8,413</b>     | <b>6,454</b>                      | <b>2,215</b>             | <b>539</b>                   | <b>9,208</b>                       | <b>17,621</b> |
| Carrying amount:                          |                  |                                   |                          |                              |                                    |               |
| <b>At 31 May 2009</b>                     | <b>41,021</b>    | <b>7,966</b>                      | <b>522</b>               | <b>392</b>                   | <b>8,880</b>                       | <b>49,901</b> |
| At 31 May 2008                            | 41,434           | 9,672                             | 598                      | 243                          | 10,513                             | 51,947        |

Goodwill on business combinations includes deferred tax on intangible assets and fair value adjustments against prior year acquisitions.

Following the internal reorganisation that has been implemented since year end, the Group has redefined the cash-generating units (CGUs) that are appropriate for the ongoing measurement of the carrying value of goodwill. This has not had a material impact upon the impairment provision that would have been deemed necessary under the old definition of CGUs. Goodwill acquired in a business combination has been re-allocated to the new CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

|                                   | 2009<br>£000 | 2008<br>£000 |
|-----------------------------------|--------------|--------------|
| Maxima Solutions                  |              |              |
| - Business Solutions              | 8,417        | 8,417        |
| - Information Management          | 3,940        | 3,940        |
| Maxima Managed Services           |              |              |
| - Support and Enablement Services | 25,860       | 26,273       |
| - MS Infrastructure (Ireland)     | 2,804        | 2,804        |
|                                   | 41,021       | 41,434       |

## Impairment tests for goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may have been impaired. The recoverable amounts of the CGUs are based on value in use calculations. The key assumptions for the value in use calculations are those regarding growth rates and discount rates. Budgeted cash flows for the financial year to 31 May 2010 were extrapolated for periods between eight and ten years at growth rates between -2% and 3% (2008: 3% and 7%) based on industry growth rates, management's view of the observable markets as well as historical and estimated requirement by customers for the products and services. Projected cash flows, pre-tax, were discounted at 9% per annum for all CGUs except Business Solutions for which a discount rate of 11% per annum was applied, to calculate their net present value, the discount rate reflecting the time value of money, the similar nature and risks to the CGUs and bank borrowings being the same across the CGU.

As a result of these tests, an impairment provision of £8,413,000 (2008 - £nil) is considered necessary. The impairment provision applies to the Support and Enablement Services Division and has arisen as a result of more conservative assumptions used by management in assessing the carrying value. The assumptions which have changed and are most relevant in this context are:

|                              | 2009 | 2008 |
|------------------------------|------|------|
| Growth rates – year 1        | -%   | 7%   |
| Growth rates – years 2 to 10 | 3%   | 10%  |

In addition, management have made a more conservative assumption regarding the renewal in 2012 of a major contract within the division.

The key assumptions that are sensitive in the calculation of the carrying value of goodwill in the Support and Enablement Services Division, together with the estimated impact of a change in those assumptions are set out in the table below:

| Assumption   | Change                  | Increased Provision<br>£ |
|--------------|-------------------------|--------------------------|
| WACC         | Increase by 1% to 10.0% | 1,822,000                |
| Growth rates | Reduce by 1% pa (to 2%) | 1,619,000                |

These sensitivities would have no impact on the need for an impairment provision within the remaining CGUs.

## 6. Acquisitions

The Group acquired 100% of the issued ordinary share capital of DXI Networks Ltd during the year. The book and fair values of the companies acquired were as follows:

|                                     | <b>Book<br/>Value<br/>£000</b> | <b>Fair Value Adj.<br/>£000</b> | <b>Fair<br/>value<br/>£000</b> |
|-------------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Intangible Assets                   | 3,625                          | (1,617)                         | 2,008                          |
| Property, plant & equipment         | 388                            | -                               | 388                            |
| Trade and other receivables         | 1,944                          | (129)                           | 1,815                          |
| Deferred tax asset on losses        | -                              | 46                              | 46                             |
| Cash & cash equivalents             | 768                            | -                               | 768                            |
| Trade and other payables            | (3,154)                        | (483)                           | (3,637)                        |
| Deferred tax                        | -                              | (562)                           | (562)                          |
| Net assets (deficit)                | <u>3,571</u>                   | <u>(2,745)</u>                  | 826                            |
| Goodwill                            |                                |                                 | <u>8,427</u>                   |
| Cost of acquisition                 |                                |                                 | <u>9,253</u>                   |
| Net outflow arising on acquisition: |                                |                                 |                                |
| Cash                                |                                |                                 | 9,110                          |
| Costs                               |                                |                                 | <u>143</u>                     |
|                                     |                                |                                 | 9,253                          |
| Cash and cash equivalents acquired  |                                |                                 | <u>(768)</u>                   |
| Net cash outflow                    |                                |                                 | <u>8,485</u>                   |
| Date of acquisition                 |                                |                                 | 02/07/2008                     |

The consideration of £9,110,000 included repayment of debt of £1,977,000.

DXI Networks Limited provides managed services for infrastructure software to a broad range of clients in the mid-market. The goodwill arising on the acquisition recognises the specialised, industry specific knowledge of the staff and the benefit to the Group in merging this business with our existing infrastructure businesses in the UK.

Intangibles have been valued on the basis of the customer relationships that DXI has built up as well as the value of the order book for contracts that will extend over one year. The Directors have reviewed the carrying value of the assets acquired of DXI and have determined that no other fair value adjustments are required.

Fair value adjustments totalling £2,745,000 were made on acquisition. The consolidated goodwill within the acquired group was written off (£3,625,000) and replaced by intangible assets as evaluated in accordance with the group policy (£2,008,000), leading to a net write off of intangible assets of £1,617,000. A deferred tax liability of £562,000 was created on the value of the intangible assets at the current tax rate, which was offset by a small deferred tax asset for unutilised tax losses brought forward (£46,000). In addition, provisions for bad debts were increased by £129,000 and further provisions were made for unrecognised liabilities as at the date of acquisition (£483,000), which came to light since completion.

The acquired business contributed the following revenues and net profits to the Group from the period of acquisition to 31 May 2009.

|                  | <b>£000</b> |
|------------------|-------------|
| Revenue          | 10,640      |
| Operating profit | 1,646       |

If the acquisitions had occurred on 1 June 2008, the acquisitions would have contributed the following to Group revenues and net profits:

|                  | <b>£000</b> |
|------------------|-------------|
| Revenue          | 11,465      |
| Operating profit | 1,804       |

During the prior year the Group acquired 100% of the issued ordinary share capital of Centric Networks Ltd the details of which were fully disclosed in the financial statements for the year ended 31 May 2008. This year the final earn out consideration was adjusted based on the value of shares treated as consideration. As a result, the final book and fair values of the acquisition were as follows:

|  | <b>Book Value<br/>£000</b> | <b>Fair Value<br/>Adj.<br/>£000</b> | <b>Fair value<br/>£000</b> |
|--|----------------------------|-------------------------------------|----------------------------|
| Intangible Assets  | -                          | 2,400                               | 2,400                      |
| Property, plant & equipment  | 155                        | -                                   | 155                        |
| Trade and other receivables  | 971                        | -                                   | 971                        |
| Cash & cash equivalents  | 1,455                      | -                                   | 1,455                      |
| Trade and other payables   | (801)                      | (15)                                | (816)                      |
| Deferred tax   | (18)                       | (720)                               | (738)                      |
| Deferred income  | (849)                      | -                                   | (849)                      |
| Net assets (deficit)   | 913                        | 1,665                               | 2,578                      |
| Goodwill   |                            |                                     | 3,440                      |
| Cost of acquisition  |                            |                                     | 6,018                      |
| Net outflow arising on acquisition:  |                            |                                     |                            |
| Shares   |                            |                                     | 1,500                      |
| Earn out consideration – additional shares issued 1 <sup>st</sup> April 2009 |                            |                                     | 73                         |
|  |                            |                                     | 1,573                      |
| Cash   |                            |                                     | 4,400                      |
| Costs  |                            |                                     | 45                         |
| Cash and cash equivalents acquired   |                            |                                     | (1,455)                    |
| Net cash outflow   |                            |                                     | 2,990                      |
| Number of shares issued  |                            |                                     | 646,831                    |
| Date of acquisition  |                            |                                     | 19/07/2007                 |

The conditions for payment of the deferred consideration for the acquisition of Centric Networks Limited were met and this was settled on 1<sup>st</sup> April 2009. Management had the choice to settle in cash or by the issue of new shares, whereby the number of shares to be issued was determined by the Sale and Purchase Agreement based on the average of the share price for five days prior to the time of the original acquisition on 19<sup>th</sup> July 2007 to the value of £500,000. Management originally anticipated that settlement would be achieved by cash payment, which was fully provided for in last year's financial statements. However, settlement was actually achieved by the issue of 161,708 new ordinary shares at a share price of £0.45 on 1<sup>st</sup> April 2009. This reduces the total cost of acquisition from the previous estimate of £6,445,000 to a revised amount of £6,018,000, giving rise to a reduction in the goodwill of £427,000.

## 7. Called up Share Capital and Capital Reserves

|                            | 31 May 2009   |      | 31 May 2008   |      |
|----------------------------|---------------|------|---------------|------|
|                            | No. of shares | £000 | No. of shares | £000 |
| <b>Authorised</b>          |               |      |               |      |
| Ordinary shares of 1p each | 95,000,000    | 950  | 95,000,000    | 950  |

| Called up, allotted and fully paid Ordinary shares of 1p each | Number of Shares | Ordinary Shares | Share Premium | Merger Reserve | Total   |
|---|------------------|-----------------|---------------|----------------|---------|
|   |                  | £000            | £000          | £000           | £000    |
| At 1 June 2007  | 24,430,682       | 244             | 28,521        | 9,559          | 38,324  |
| Exercise of employee share options                            | 93,890           | 1               | 103           | -              | 104     |
| Issue of shares (net of expenses)                             | 485,123          | 5               | -             | 1,463          | 1,468   |
| At 31 May 2008  | 25,009,695       | 250             | 28,624        | 11,022         | 39,896  |
| Exercise of employee share options                            | 90,000           | 1               | 99            | -              | 100     |
| Impairment on business combination                            | -                | -               | -             | (6,427)        | (6,427) |
| Issue of shares (net of expenses)                             | 161,708          | 2               | 71            | -              | 73      |
| At 31 May 2009  | 25,261,403       | 253             | 28,794        | 4,595          | 33,642  |

The merger reserve arises from the issue of shares as part of consideration for certain acquisitions completed by the Group. The transfer from the merger reserve represents a release of the reserve to the extent it was created on business combinations where the purchased goodwill has now been impaired.

## **8. Annual Report and Accounts**

A copy of the Annual Report and Accounts for the year ended 31 May 2009 will be sent to shareholders and copies will be available from the Company's registered office at Cotswold Court, Lansdown Road, Cheltenham GL50 2JA or by visiting our website at [www.maxima.co.uk](http://www.maxima.co.uk)

The annual general meeting of the Company will be held at the Company's offices, Cotswold Court, Lansdown Road, Cheltenham GL50 2JA at midday on 24<sup>th</sup> September 2009.